

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA :
 :
 v. : 1:15CR 261 -1
 :
 JOTHAM WALKER PRUITT :

The United States Attorney Charges:

COUNT ONE

1. At all times material herein, JOTHAM WALKER PRUITT was a resident of Durham County, in the Middle District of North Carolina.

2. At all times material herein, Branch Banking and Trust Company and all its branches were financial institutions, the deposits of which were insured by the Federal Deposit Insurance Corporation.

3. At all times material herein, SunTrust Bank, N.A., and all its branches were financial institutions, the deposits of which were insured by the Federal Deposit Insurance Corporation.

4. At all times material herein, Abundance Capital, LLC, was a limited liability corporation organized under the laws of the state of North Carolina.

5. From in or about December 2005, continuing up to and including in or about December 2010, the exact dates unknown, JOTHAM WALKER PRUITT and others, including individuals whose

initials are A.P. and D.F., operated a marijuana "grow" business in Orange County, North Carolina. As part of the "grow" operation, A.P. and D.F. grew marijuana indoors in houses obtained for them by JOTHAM WALKER PRUITT in the vicinity of the Town of Hillsborough, Orange County, North Carolina. The operation was funded and supported by several investors.

6. "Grow" houses for the operation were located at 6557 New Sharon Church Road, Rougemont, North Carolina, 3812 New Sharon Church Road, Hillsborough, North Carolina, 3818 New Sharon Church Road, Hillsborough, North Carolina, 2622 Miller Road, Hillsborough, North Carolina, and 1414 Laurel Lane, Hillsborough, North Carolina, all in Orange County, in the Middle District of North Carolina.

7. Each of the above referenced "grow" houses was purchased for the operation by JOTHAM WALKER PRUITT under the pretense that the houses were to be used for rental purposes. JOTHAM WALKER PRUITT obtained mortgage funding to purchase each of the "grow" houses under the false pretense that he was obtaining mortgage financing to purchase residential rental property to use as an investment.

8. On or about March 14, 2006, SunTrust Bank, N.A., provided mortgage financing for the purchase of the property located at 6557 New Sharon Church Road, Rougemont, North Carolina, in the amount of \$225,000.00.

9. On or about June 27, 2007, Branch Bank and Trust Company provided the mortgage financing for the purchase of the property at 3812 New Sharon Church Road, Rougemont, North Carolina, in the amount of \$508,000.00.

10. On or about May 25, 2007, Branch Bank and Trust Company provided the mortgage financing for the purchase of the property at 3818 New Sharon Church Road, Hillsborough, North Carolina, in the amount of \$108,000.00.

11. On or about February 16, 2007, Countywide Bank, N.A., provided the mortgage financing for the purchase of the property located at 2622 Miller Road, Hillsborough, North Carolina, in the total amount of \$330,547.00.

12. On or about December 20, 2005, Long Beach Mortgage Company provided the mortgage financing for the property located at 1414 Laurel Lane, Hillsborough, North Carolina, in the total amount of \$315,200.00.

13. To obtain mortgage financing for purchase of properties as "grow" houses, JOTHAM WALKER PRUITT concealed from Branch Bank and Trust Company and SunTrust Bank, N.A., the fact that the houses were intended to be used a marijuana "grow" houses.

14. To obtain mortgage financing for the purchase of properties as "grow" houses, JOTHAM WALKER PRUITT falsely represented to Branch Bank and Trust Company and SunTrust Bank,

N.A., that income from the sale of illegal narcotics was income from rental properties or legitimate businesses.

15. Each of the "grow" houses was modified to allow efficient growth and harvest of marijuana plants. Such modifications physically damaged the houses and reduced their value as residences.

16. After harvesting the marijuana grown in the Orange County "grow" houses, the marijuana was distributed and sold for cash. By the end of the marijuana growing operations in 2010, sale and distribution of the marijuana had generated approximately \$4,000,000.00 in cash sales.

17. From in or about March 2006, continuing up to and including in or about December 2010, the exact dates unknown, in the County of Orange, in the Middle District of North Carolina and elsewhere; JOTHAM WALKER PRUITT, A.P., D.F., and divers other persons, both known and unknown to the United States Attorney, did knowingly execute and attempt to execute a scheme and artifice to obtain money, funds and property owned by and under the custody and control of a financial institution, that is, Branch Banking and Trust Company and SunTrust Bank, N.A., by means of material false and fraudulent pretenses, representations and promises by obtaining mortgage loans from Branch Banking and Trust Company for properties located at 3812 New Sharon Church Road, Hillsborough, North Carolina, and 3818

New Sharon Church Road, Hillsborough, North Carolina, for the purpose of using as marijuana "grow" houses, by falsely and fraudulently representing to Branch Bank and Trust Company and SunTrust Bank, N.A., that JOTHAM WALKER PRUITT had income from rental properties or other legitimate income to support said mortgage loans from Branch Banking and Trust Company and SunTrust Bank, N.A., when in fact, as JOTHAM WALKER PRUITT then well knew, such income came from a marijuana "grow" operation, by falsely representing that such houses purchased with financing from Branch Bank and Trust Company and SunTrust Bank, N.A., would be used as residential rental property, when in fact JOTHAM WALKER PRUITT planned and intended that the houses would be used as marijuana "grow" houses and that the houses would be abandoned once the marijuana crop was harvested from the "grow" houses.

METHODS AND MEANS

18. It was a part of the scheme and artifice to defraud that, on or about March 14, 2006, JOTHAM WALKER PRUITT prepared and submitted a "Uniform Residential Loan Application" to SunTrust Bank, N.A., to obtain mortgage financing in the amount of \$180,000.00 to purchase a residence at 6557 New Sharon Church Road, Rougemont, North Carolina.

19. It was a further part of the scheme and artifice to defraud that, on or about March 14, 2006, JOTHAM WALKER PRUITT

prepared and submitted a second "Uniform Residential Loan Application" to SunTrust Bank, N.A., to obtain further mortgage financing in the amount of \$45,000.00 to purchase a residence at 6557 New Sharon Church Road, Rougemont, North Carolina.

20. It was a further part of the scheme and artifice to defraud that JOTHAM WALKER PRUITT falsely represented on both loan applications for mortgage financing for the 6557 New Sharon Church Road Property that he had monthly income of \$25,000.00 from "commissions" when in truth, as he then well knew, he did not have income in this amount from commissions.

21. It was a further part of the scheme and artifice to defraud that JOTHAM WALKER PRUITT falsely represented on both loan applications for mortgage financing for the 6557 New Sharon Church Road Property that the property would be used as an investment when in truth, as he then well knew, the property would be used as an illegal "grow" house as part of a narcotics business.

22. It was a further part of the scheme and artifice to defraud that JOTHAM WALKER PRUITT falsely represented on both loan applications for mortgage financing for the 6557 New Sharon Church Road Property on Section IX of the loan application that the "property will not be used for any illegal or prohibited purpose or use" when in truth, as he then well knew, he intended

to use the property at 6557 New Sharon Church Road as an illegal "grow" house.

23. It was a further part of the scheme and artifice to defraud that, on or about March 30, 2007, JOTHAM WALKER PRUITT, for the purpose of inducing Branch Bank and Trust Company to extend mortgage financing to him for the purchase of properties in Orange County, North Carolina, prepared and provided to Branch Bank and Trust a "Personal Financial Statement."

24. It was a further part of the scheme and artifice to defraud that JOTHAM WALKER PRUITT represented on or about March 30, 2007, on a "Personal Financial Statement" that he had rental income in the amount of \$78,000.00 from four properties in Orange County when in truth, as he then well knew, these properties were not rental properties, but were in use as illegal "grow" houses and this income came from an illegal narcotics business.

25. It was a further part of the scheme and artifice to defraud that, on or about March 30, 2007, JOTHAM WALKER PRUITT provided Branch Bank and Trust with copies of his 2006 Individual Form 1040 Tax Return on which he had falsely represented to the Internal Revenue Service on Schedule E of the Return that he had \$78,000.00 in income from rental properties in Orange County, North Carolina, when in fact, as he then well knew, such income was not from rental income.

26. It was a further part of the scheme and artifice to defraud that JOTHAM WALKER PRUITT ceased to make mortgage payments to Branch Banking and Trust Company and SunTrust Bank, N.A., once the marijuana crop grown at the "grow" houses was harvested forcing Branch Banking and Trust and SunTrust Bank, N.A., to foreclose on the properties.

EXECUTION

27. On or about February 27, 2006, in the County of Orange, in the Middle District of North Carolina, JOTHAM WALKER PRUITT did knowingly execute and attempt to execute a scheme and artifice to obtain money, funds and property owned and under the custody and control of a financial institution, the deposits of which are insured by the Federal Deposit Insurance Corporation, that is, SunTrust Bank, N.A., by means of materially false and fraudulent pretenses and representations and promises by falsely representing on a SunTrust Bank, N.A. "Uniform Residential Loan Application" for mortgage financing in the amount of \$180,000.00 for the purchase of a residence at 6557 New Sharon Church Road, Rougemont, North Carolina, that he had monthly income from commissions of \$25,000.00 and that the property would be used for legal purposes, when in fact, as JOTHAM WALKER PRUITT then well knew, he did not have monthly income of \$25,000.00 from commissions and the property was intended to be used as an

illegal marijuana "grow" house; all in violation of Title 18, United States Code, Section 1344(2).

COUNT TWO

On or about April 15, 2010, in the County of Durham, in the Middle District of North Carolina, JOTHAM WALKER PRUITT did willfully make and subscribe an individual 2009 Form 1040 Income Tax Return, which was verified by a written declaration that it was made under the penalties of perjury and which JOTHAM WALKER PRUITT did believe to be true and correct as to every material matter, as said 2009 Form 1040 Tax Return stated that JOTHAM WALKER PRUITT had received \$156,000.00 in gross rental income from the rental of houses located in Orange County, North Carolina, when in fact, as JOTHAM WALKER PRUITT then well knew, such income was gained by JOTHAM WALKER PRUITT from the operation of an illegal drug business and not from rental income and he did not believe that the 2008 Form 1040 income tax return was correct as to every material matter; all in violation of Title 26, United States Code, Section 7206(1).

COUNT THREE

On or about May 25, 2007, in the County of Orange, in the Middle District of North Carolina, JOTHAM WALKER PRUITT knowingly made a material false statement to Branch Banking and Trust Company, the accounts of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of

influencing the action of said bank in issuing a mortgage loan in the amount of \$108,000.00 to JOTHAM WALKER PRUITT, in that in a financial statement provided by JOTHAM WALKER PRUITT to said bank Branch Banking and Trust to induce the bank to approve said mortgage loan represented that he had \$78,000.00 in rental income from rental properties in Orange County, North Carolina, when in truth and fact, as JOTHAM WALKER PRUITT then well knew, he had no income from rental properties and that the income represented as rental income in fact was the proceeds of an illegal narcotics business; in violation of Title 18, United States Code, Section 1014.

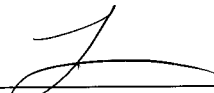
COUNT FOUR

1. At all times material herein, Branch Banking and Trust Company was a financial institution within the meaning of Title 18, United States Code, Section 1956(c)(6) and Title 31, United States Code, Section 5312(a)(2), that is, a bank, the deposits of which were insured by the Federal Deposit Insurance Corporation, and was engaged in interstate commerce and in activities which affected interstate commerce in any way and decree.

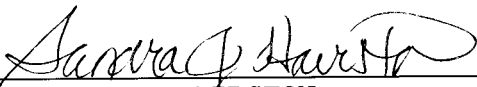
2. Paragraphs One through Sixteen of Count One as set forth above are hereby realleged and incorporated by reference as if set forth fully herein.

3. On or about October 4, 2010, in the County of Orange, in the Middle District of North Carolina, JOTHAM WALKER PRUITT did knowingly and willfully conduct and cause to be conducted a financial transaction involving Branch Banking and Trust Company, that is, the transfer and delivery of \$80,000.00 by means of cash deposit into the account of Abundance Capital, LLC, which involved proceeds of specified unlawful activity, that is manufacture and distribution of marijuana, in violation of Title 21, United States Code, Section 841(a)(1), knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of said specified unlawful activity and that while conducting and causing to be conducted such financial activity knew that the property involved in the financial transaction, that is, funds in the amount of approximately \$80,000.00 represented the proceeds of some form of unlawful activity.

All in violation of Title 18, United States Code, Section
1956(a)(1)(B)(i).



FRANK J. CHUT, JR.
ASSISTANT UNITED STATES ATTORNEY



SANDRA J. HAIRSTON
FIRST ASSISTANT UNITED STATES ATTORNEY